

110TH CONGRESS
1ST SESSION

S. 1407

To amend the Internal Revenue Code of 1986 to temporarily provide a shorter recovery period for the depreciation of certain systems installed in nonresidential and residential rental buildings.

IN THE SENATE OF THE UNITED STATES

MAY 16, 2007

Mr. PRYOR (for himself and Mr. CRAPO) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to temporarily provide a shorter recovery period for the depreciation of certain systems installed in nonresidential and residential rental buildings.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Smart Buildings Act”.

1 **SEC. 2. RECOVERY PERIOD FOR DEPRECIATION OF CER-**
 2 **TAIN SYSTEMS INSTALLED IN NONRESIDEN-**
 3 **TIAL AND RESIDENTIAL RENTAL BUILDINGS.**

4 (a) 20-YEAR RECOVERY PERIOD.—Subparagraph
 5 (F) of section 168(e)(3) of the Internal Revenue Code of
 6 1986 (relating to 20-year property) is amended to read
 7 as follows:

8 “(F) 20-YEAR PROPERTY.—The term ‘20-
 9 year property’ means—

10 “(i) initial clearing and grading land
 11 improvements with respect to any electric
 12 utility transmission and distribution plant,
 13 and

14 “(ii) any property—

15 “(I) which is part of a heating,
 16 ventilation, air conditioning, or refrig-
 17 eration system, or which replaces 1 or
 18 more components of such a system
 19 but only if such system or such re-
 20 placement component exceeds by at
 21 least 10 percent the applicable min-
 22 imum performance standard for such
 23 system or component under the Na-
 24 tional Appliance Energy Conservation
 25 Act of 1987, the Energy Policy Act of
 26 2005, or the American Society of

1 Heating, Refrigerating and Air-Conditioning Engineers Standard 90.1,

2 “(II) which is installed on or in
3 a building which is nonresidential real
4 property or residential rental prop-
5 erty,

6 “(III) the original use of which
7 commences with the taxpayer (the
8 owner or lessor in the case of residen-
9 tial rental property), and

10 “(IV) which is placed in service
11 before January 1, 2012.”.

12 (b) REQUIREMENT TO USE STRAIGHT LINE METH-
13 OD.—Paragraph (3) of section 168(b) of such Code (relat-
14 ing to property to which straight line method applies) is
15 amended by redesignating subparagraphs (F), (G), and
16 (H) as subparagraphs (G), (H), and (I), respectively, and
17 by inserting after subparagraph (E) the following new
18 subparagraph:

19 “(F) Property described in subsection
20 (e)(3)(F)(ii).”.

21 (c) ALTERNATIVE SYSTEM.—The table contained in
22 section 168(g)(3)(B) of such Code is amended by striking
23 the item relating to subparagraph (F) and inserting the
24 following new items:

“(F)(i)	25
(F)(ii)	25”.

1 (d) **EFFECTIVE DATE.**—The amendments made by
2 this section shall apply to property placed in service after
3 December 31, 2007.

